

Message Text

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ORIGIN EB-08

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DRAFTED BY EB/OA/AVP:GGGRIFFITHS:JG
APPROVED BY EB/OA:MHSTYLES
L/EB:JBELLO
EB/OA/AVP:AJWHITE
CAB:HASWALL
EA/ANP:TJWAJDA

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FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA PRIORITY
INFO AMCONSUL AUCKLAND PRIORITY
AMEMBASSY WELLINGTON PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, AS, NZ

SUBJECT:CIVAIR: PAN AM FARE APPLICATION

REF: CANBERRA 2988

1. SUMMARY: RELEVANT TO ISSUE OF AUSTRALIA-NEW ZEALAND
AIR FARES IS STATUS OF AUSTRALIAN FLAG MELBOURNE-AUCKLAND
AIR FARES. IF QANTAS IS OFFERING SAME MELBOURNE-AUCKLAND
FARE AS PANAM IS PROPOSING, FOR EITHER DIRECT FLIGHTS OR
VIA SYDNEY, THEN GOA CANNOT DENY PANAM FARE APPLICATION
WITHOUT EXPLICITLY VIOLATING THE AUSTRALIA-US BILATERAL.
IF QANTAS IS NOT OFFERING SAME DIRECT FARE AS AIR NEW
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ZEALAND, THEN GOA WILL NOT BE VIOLATING LETTER OF BILATERAL
BY DENYING PANAM APPLICATION. IF LATTER IS CASE, EMBASSY
SHOULD STILL SUPPORT PANAM REQUEST FOR ASSISTANCE IN THE
SENSE THAT GOA IS DENYING PANAM A FAIR AND EQUAL
OPPORTUNITY TO COMPETE. END SUMMARY.

2. SECTION V OF ANNEX TO BILATERAL REQUIRES GOA NOT TO

DISCRIMINATE AS BETWEEN US AND AUSTRALIAN FLAG CARRIERS ON ROUTE SEGMENTS INVOLVING THIRD COUNTRIES. THEREFORE, IF QANTAS IS OFFERING A DIRECT MELBOURNE-AUCKLAND FARE FOR EITHER DIRECT TRAVEL OR TRAVEL VIA SYDNEY WITHOUT STOP-OVER, THEN GOA CANNOT REFUSE PANAM APPLICATION TO OFFER

SAME FARE. OUR PRELIMINARY INFORMATION INDICATES THAT QANTAS DOES OFFER DIRECT MELBOURNE-AUCKLAND FLIGHT AT SAME FARE LEVEL AS AIR NEW ZEALAND. CONSEQUENTLY, GOA IS VIOLATING SECTION V OF THE ANNEX TO THE BILATERAL BY REFUSING PANAM DIRECT FARE APPLICATION. WHAT PANAM IS REQUESTING IS REALLY VERY BASIC, NAMELY, THE RIGHT TO MEET COMPETITION BY OFFERING A MATCHING FARE. IT IS SUCH A BASIC RIGHT THAT WE ARE SOMEWHAT PUZZLED BY GOA REFUSAL.

3. ACTION REQUESTED: EMBASSY REQUESTED CONFIRM STATUS OF QANTAS MELBOURNE-AUCKLAND FARES. IF THERE IS A DIRECT QANTAS FARE AT THE AIR NEW ZEALAND LEVEL, THEN EMBASSY SHOULD STRONGLY PROTEST GOA DENIAL OF PANAM FARE AS VIOLATION OF BILATERAL, DRAWING UPON PARA 2 FOREGOING FOR GUIDANCE. IF GONZ WANTS TO DENY BASIC RIGHTS TO PANAM, THEN USG WILL DISCUSS QUESTION WITH THAT GOVERNMENT. HOWEVER, WE WOULD EXPECT THAT GOA WILL NOT COMPOUND PROBLEM BY CONTINUING TO DENY PANAM APPLICATION.

4. COMMENT: GOA MAY MAKE ARGUMENT THAT SINCE PANAM LIMITED OFFICIAL USE

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SERVICE IS NOT A DIRECT FLIGHT, GOA WILL NOT BE DISCRIMINATING AGAINST PANAM BY DENYING ITS DIRECT FARE APPLICATION. NOT TRUE. EVEN THOUGH PANAM FLIGHT IS NOT

DIRECT SERVICE, IT DOES FALL WITHIN THE CIRCUITY (LESS THAN DIRECT TRAVEL) PROVISIONS OF IATA. THESE PROVISIONS ALLOW FOR THE SAME FARE FOR CIRCUITOUS TRAVEL, PROVIDED CIRCUITOUS DISTANCE IS WITHIN 120 PERCENT OF THE DIRECT TRAVEL DISTANCE. 120 PERCENT OF DIRECT MELBOURNE-AUCKLAND DISTANCE IS 1963 MILES; CAB INFORMS DEPARTMENT THAT MELBOURNE-SYDNEY-AUCKLAND DISTANCE IS ONLY 1724 MILES, OR WELL WITHIN THE ALLOWABLE IATA PROVISION. DEPARTMENT RECOGNIZES THAT THIS IS NOT AN IATA FARE. HOWEVER, IATA CIRCUITY PROVISIONS ARE GENERAL PROVISIONS WHICH ARE USUALLY OBSERVED IN BOTH IATA AND NON-IATA FARE CONSTRUCTION. VANCE

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